

Thinking About Working After Retirement?

(for Plan 2 and Plan 3 Members of the Public Employees' Retirement System)

The actual rules governing working after retirement are contained in state retirement law. This publication is a summary, written in non-legal terms. It is not a complete description of the law. If there are conflicts between what is written in this publication, and what is contained in the law, the applicable law will govern.

This publication describes the possible impacts on your retirement benefit if you return to work for an employer covered by one of the Washington State retirement systems. You can return to work for an employer not covered by a Washington State retirement system without impacting your retirement benefit, unless you are a disability retiree.

When do I become a retiree?

It is important to understand when you become a retiree because you must first retire before you can be covered under the return to work laws. You become a retiree when you:

- meet the age and service requirements for retirement;
- file an application for retirement with DRS;
- terminate all employment with DRS-covered employer(s);
- sever all contractual agreements (written or verbal) for future employment with DRS-covered employer(s).

Taking these actions will establish your effective retirement date -- what is referred to as your "accrual date" in retirement statute. Your effective retirement date is the first day of the month following the month in which you meet the conditions for retirement.

Examples

- Sally applies for retirement and terminates employment on July 16, 2003. She meets the age and service requirements. Her effective retirement date will be August 1, 2003.
- Jackson applies for retirement and terminates employment on July 16, 2003. He does not meet the age and service requirement until July 15, 2006. His effective retirement date will be August 1, 2006.

What should I do when I return to work?

When you return to work, it is important to let your employer know that you are a retiree. If you are hired into a position that is eligible for PERS membership, your employer is required to report your hours of employment each month to DRS. If you are hired into a position that is ineligible for PERS membership, your employer is required to report that you have returned to work but does not need to report your hours. If your employer does not know you are retired, they may report you as an active member - which may stop your benefit.

What happens if I return to work before my effective retirement date?

If you terminate employment and file a retirement application but return to work before your effective retirement date, your application for retirement will be canceled. You are not considered to be retired so you will return to active membership and be required to pay member contributions.

When is the earliest I can return to work?

You must wait at least 30 calendar days after your effective retirement date before returning to work. If you return to work for a DRS-covered employer less than 30 days after your effective retirement date, your benefit will be reduced by 5.5 percent for every eight hours worked in a month up to a maximum of 160 hours. If the reduction is in excess of 100 percent of the benefit, the excess is taken from the next month's benefit payment. The reduction continues until you stop working for a full 30 days.

DRS
DEPARTMENT OF
RETIREMENT
SYSTEMS

How many hours can I work each year and still receive a benefit?

If you return to work in a PERS-eligible position at least 30 calendar days after your effective retirement date, you can work up to 867 hours in a calendar year and continue to receive your full retirement benefit.

If you return to work in a position that is ineligible for PERS membership, there is no limit placed on your employment. You can work in this position as long as you like and still receive your full retirement benefit.

What happens if I work over the allowable limit for a year?

You can work as many hours as you want in a calendar year. However, if you work over the maximum number of hours allowed, your retirement benefit will be suspended for the remainder of the calendar year or until you terminate employment. In the month you exceed the limit, your benefit will be prorated.

Example

- Ellen retires effective January 1, 2004, and returns to work on February 1, 2004. She works full-time for the remainder of the year. On May 11, 2004, she exceeds 867 hours of employment for the year. Her benefit will be suspended beginning May 12. She will receive a partial month's benefit for May 1 through May 11.

Which hours count toward the limit?

All hours for which you receive compensation count toward the limit. This includes paid holidays or when compensatory time, sick leave or annual leave is taken in lieu of normal work hours. Sick leave or annual leave that is cashed out at the end of an employment period does not count toward the limit. Cashed out compensatory time does count toward the limit.

Can I return to active membership?

If you are hired into a PERS-eligible position, you can return to active membership. However, when you do so your benefit will stop. When you again retire, a new benefit will be calculated to reflect the additional service credit earned. If you have completed two or more years of uninterrupted service after going back to work, you may select a new benefit option.

If you return to active membership in another DRS-covered plan, contact DRS as indicated on page 3 to find out which plan's rules apply. Returning to work in another DRS-covered plan may cause your benefit to be suspended.

What if I am receiving a disability retirement?

If you are a disability retiree, your benefit could be affected by returning to any kind of employment. Your return to work could mean that you are no longer disabled and therefore no longer eligible to receive a disability retirement. If you retired for disability and are considering returning to work, please contact DRS as indicated on page 3.

What if I retired as a dual member?

A dual member retiree is someone who has used service credit earned in more than one retirement system to qualify for retirement. If you retired as a dual member and are considering returning to work, please contact DRS as indicated on page 3 to determine the possible impacts on your benefit.

Is there a limit on the amount of income I can earn?

Under Washington State law, there are no limits on the amount of income you can earn. However, if you are receiving a Social Security benefit, returning to work may impact your Social Security income. To check annual income limitations under Social Security law, refer to the publication called, *What You Need to Know When You Get Retirement or Survivors Benefits*, or visit the Social Security Internet site at: <http://www.ssa.gov>.

General information

Overpayments and Underpayments: If you receive an overpayment of your retirement benefit, you will be required to repay the amount of the overpayment to DRS. If you receive an underpayment, DRS will correct the error and pay you the amount owed.

Deferred Compensation: If you are receiving payment from the Deferred Compensation Program (DCP), your payments will not be affected by your return to work. If you are not yet receiving payment and return to work, you can continue making contributions to the plan up to an annual maximum contribution amount depending on your income. If you have questions, please contact DCP at 1-888-327-5596 or by e-mail at dcpinfo@drs.wa.gov.

Health Care: If you retired from state government, a public education institution or a local government employer participating in the Public Employees Benefits Board (PEBB), you have the option to return to PEBB-sponsored coverage when you return to full retirement status. If you have questions about your health care coverage, please contact the Health Care Authority at 1-800-200-1004 or visit their Internet site at: <http://www.hca.wa.gov>. If you retired from a local government employer, you will have to coordinate with your employer and health care provider to determine what you can do.

Contacting DRS

If you have questions regarding returning to work, write to DRS at:

Department of Retirement Systems
Attn: PERS
P.O. Box 48380
Olympia, Washington 98504-8380

When you contact DRS about personal account information, be sure to include:

- Your Social Security Number
- Your signature (for written correspondence)
- Your mailing address
- Your daytime telephone number

Telephone

Olympia	(360) 664-7000
Toll-Free	1-800-547-6657
TDD Line	(360) 586-5450
Toll-Free TDD Line	1-866-377-8895

E-mail Address

recep@drs.wa.gov

Web site

www.drs.wa.gov